

President and  
Chief Executive Officer

170 Monument Circle  
Indianapolis, IN 46204-4503  
Tel 317 488-8423  
Fax 317 488-6477  
E-mail: larry\_glasscock@aci.com

Anthem 

PERSONAL AND CONFIDENTIAL

November 12, 2001

VIA FACSIMILE

Mr. William L. Jews  
President and Chief Executive Officer  
CareFirst, Inc.  
10455 Mill Run Circle  
Owings Mills, MD 21117-4208

Dear Bill:

Over the past year, Anthem has continually expressed its strong interest in affiliating with CareFirst and has requested that it be permitted to participate in CareFirst's exploration of an acquisition by another company. Just a week ago, I wrote you again reiterating our interest. I have also tried to reach you by phone to set up a meeting.

Bill, we are disappointed at the continued exclusion of Anthem from the strategic discussions that CareFirst's management has been conducting with other parties. Our exclusion, we believe, is inconsistent with the CareFirst Board of Director's fiduciary obligation to deliver superior value to all of your stakeholders.

As can be seen by the attached copies of letters Anthem sent you over the past several months, Anthem has been consistent in its desire to pursue a transaction with CareFirst. Bill, Anthem's strong preference is to negotiate with the management of CareFirst in a friendly and cooperative process, but it appears we have no alternative but to appeal directly to your Board and other constituents to be given consideration.

The case for including Anthem in any strategic discussions regarding CareFirst is clear:

1. CareFirst's management and Board have an obligation to their constituents to obtain the best possible terms in a sale or merger of CareFirst with another party.
2. Anthem has an unparalleled track record in successfully acquiring and integrating Blue Cross and Blue Shield Plans. In the last few years, the management and Boards of Directors of eight independent Blue Cross and Blue Shield Plans have, in a fair and open competitive process, selected Anthem as the affiliation partner delivering the greatest value. No other company in the Blue Cross Blue Shield system can match that record.

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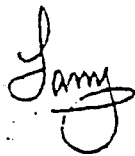
An Independent Member of the Blue Cross and Blue Shield Association.  
Anthem Blue Cross and Blue Shield is the trade name of Anthem Insurance Companies, Inc.  
An independent member of Blue Cross and Blue Shield of Indiana.

Mr. William L. Jews  
CareFirst, Inc.  
November 12, 2001  
Page Two

3. Anthem has unparalleled experience in successfully working with regulators. Each of Anthem's acquisitions has closed in less than one year. Moreover, Anthem completed its entire demutualization and IPO process in nine months. Given the complexity of CareFirst's structure and the number of regulatory approvals that will be required, Anthem's track record can provide greater certainty of completing a transaction.
4. Although Anthem has always had the capital to complete the acquisition of CareFirst, following our IPO, Anthem has even greater financial capacity and flexibility to complete a transaction that provides maximum value for CareFirst's constituents. With our strong cash position, access to credit and highly liquid public stock, Anthem has the flexibility to complete a transaction using cash, stock or a combination of both.
5. Anthem has achieved its success through the quality of our people and their commitment to delivering operational excellence and value to our health plan members. We believe that our approach to business will provide an attractive and rewarding opportunity for the management and employees of CareFirst.
6. Anthem is a good corporate citizen wherever we operate post-acquisition. Anthem leaves in place the bulk of the employees and functions and continues the stewardship roles of Blue Cross and Blue Shield Plans in their communities.

Because of our familiarity with CareFirst, I assure you that we can move very quickly to conduct due diligence and finalize a definitive agreement if we are permitted to participate in your process. Thus, we request again that we be given our opportunity to participate in your process of selecting the best strategic partner for CareFirst's future.

Sincerely,



LCG:lsm

cc: Members of the Board of Directors

Attachments

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